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In the Supreme Court of the United States

OCTOBER TERM, 1984

ROLLFORM INCORPORATED AND GEORGE ADAMS,
Petitioners,

vs.

ROGER NEIL WEINAR AND NATIONAL GYPSUM,
Respondents.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

ERNEST I. GIFFORD
(Counsel of Record)
DOUGLAS W. SPRINKLE
GIFFORD, VANOPHEM, SHERIDAN,
SPRINKLE & NABOZNY, P.C.
280 North Woodward Avenue
Suite 210
Birmingham, Michigan 48011
Telephone (313) 647-6000
Attorneys for Petitioner

E. L. MENDENHALL, INC., 926 Cherry Street, Kansas City, Mo. 64106, (816) 421-3030

54 pp

QUESTION PRESENTED FOR REVIEW

Whether an exclusive U.S. distributor of a patented device, who has no ownership interest in the patent and who purchases the device in the United States from the patent owner and then resells the device, may recover damages for patent infringement together with the patent owner where both the patent owner and the exclusive distributor are joined as co-plaintiffs?

Your Petitioner Rollform Incorporated contends that the answer is "No."

PARTIES TO THE PROCEEDINGS BELOW

Roger Neil Weinar, Plaintiff

Concept Search, Inc., Plaintiff

National Gypsum Company, Plaintiff

Rollform Incorporated, Defendant

George C. Adams, Defendant

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OFFICIAL REPORTS OF THE CASE BELOW

Weinar et al. v. Rollform Incorporated et al., 744 F.2d 797, 223 USPQ 369 (Fed. Cir. 1984).

STATEMENT OF JURISDICTION

1. The Court of Appeals for the Federal Circuit rendered its decision in this case on September 17, 1984. (App. A1).

2. A Petition for Rehearing was filed with a Certificate of Service dated October 1, 1984. (App. A32, A33).

3. The Petition for Rehearing of paragraph 2 above was denied by the Court of Appeals for the Federal Circuit by its Order dated October 30, 1984. (App. A34).

4. This Court has jurisdiction to review the judgment below by writ of certiorari under 28 U.S.C. Section 1254.

STATUTES INVOLVED IN THIS CASE

35 U.S.C. Section 281

Remedy for infringement of patent—A patentee shall have remedy by civil action for infringement of his patent.

35 U.S.C. Section 100

Definitions—When used in this title unless the context otherwise indicated—

(a) the term "invention" means invention or discovery,

(b) the term "process" means process, art or method, and includes a new use of a known process, machine, manufacture, composition of matter, or material,

(c) the terms "United States" and "this country" mean the United States of America, its territories and possessions,

(d) the word "patentee" includes not only the patentee to whom the patent was issued but also the successors in title to the patentee.

35 U.S.C. Section 261

Ownership—Assignment—Subject to the provisions of this title, patents shall have the attributes of personal property.

Applications for patent, patents, or any interest therein, shall be assignable in law by an instrument in writing. The applicant, patentee, or his assigns or legal representatives may in like manner grant and convey an exclusive right under his application for patent, or patents, to the whole or any specified part of the United States.

STATEMENT OF FACTS

Although this lawsuit involves a cause of action for patent infringement, your Petitioner does not challenge the lower Courts' findings regarding the validity or infringement of the patent in suit. Rather, as is described more fully *infra*, your Petitioner only seeks a legal determination of who is and who is not entitled to damages for patent infringement.

The factual background pertinent to this petition is simple, straightforward and undisputed. The Plaintiff Roger Neil Weinar (Weinar) is the owner of the patent in suit.[1] The patent in suit is a mechanical utility patent directed to a wallboard fastener. (App. A2-A4).

Mr. Weinar manufactures his patented fastener in the United States and sells approximately one half his output in the United States to the Plaintiff National Gypsum Company (National Gypsum). Mr. Weinar sells the other half of his fasteners to his Canadian distributor. (App. A2, A16).

Mr. Weinar entered into an oral agreement with National Gypsum whereby Mr. Weinar agreed to sell his fasteners exclusively to National Gypsum in the United States. National Gypsum purchases these fasteners from Mr. Weinar and then resells them to other distributors and retailers. (App. A17).

It is uncontested that National Gypsum has no ownership interest in the patent in suit, U.S. Patent No. 4,117,644. (App. A2, A15). When Rollform counterclaimed to declare

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1. Shortly before trial, Mr. Weinar assigned the patent in suit to Concept Search, Inc. This assignment has no effect upon the issues presented in this petition since during the infringing period, Mr. Weinar was the sole owner of the patent in question.

the Weinar patent invalid, National Gypsum moved to dismiss the counterclaim as to it setting forth by affidavit that it had no ownership interest in the patent in suit nor an exclusive license to make, use or sell the patented fastener for the term of the patent.[2] (App. A35, A36). By stipulation, that motion was granted.

Following trial by jury, and over objections to the jury instructions permitting an award to National Gypsum timely raised by Rollform, the jury awarded damages for patent infringement to both Mr. Weinar and National Gypsum. (App. A1). These damages, which amounted to the lost profits by Mr. Weinar ($66,930) and the lost profits by National Gypsum ($66,930), were affirmed by decision of the Court of Appeals for the Federal Circuit dated September 17, 1984. (App. A1). A Petition for Rehearing was filed by your Petitioner on October 1, 1984 limited, however, to the question of the propriety of the damage award to National Gypsum. That Petition was denied on October 30, 1984. (App. A34).

Your Petitioner does not challenge the award of damages to Mr. Weinar for patent infringement.

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2. The Hause Affidavit (App. A35) states in part as follows:

> "5. *National Gypsum Company* is the exclusive distributor in the United States of Wallboard fastening clips under U.S. Patent No. 4,117,644, of Roger Neil Weinar, but *is not the owner of said patent and is not an exclusive licensee of the patent for the term thereof.*" (Emphasis supplied).

ARGUMENT

I. AN AWARD OF DAMAGES FOR PATENT INFRINGEMENT TO NATIONAL GYPSUM, A MERE DISTRIBUTOR OF THE PATENTED PRODUCT, IS CONTRARY TO THE PROVISIONS OF TITLE 35 OF THE UNITED STATES CODE.

By its decision below, the Federal Circuit has affirmed an award of damages for patent infringement to National Gypsum, an exclusive U.S. distributor of the patented product. National Gypsum purchases the patented product from the patent owner, Mr. Weinar, and then resells the product. By affirming a damage award for patent infringement to a mere distributor of a patented product, the Federal Circuit has greatly expanded the definition of "patentee" in 35 U.S.C. Section 100(d) and Section 281 to encompass a company that had no legal title or equitable interest in the patent.

The decision of the Federal Circuit would only serve to encourage manufacturers of patented products to establish long chains of distribution in order to enhance the recovery of damages for patent infringement. The Federal Circuit has held that National Gypsum is entitled to damages for patent infringement because Mr. Weinar exclusively sells to National Gypsum. Under this decision, if National Gypsum, in turn, resold the product exclusively to a retail store chain, then Mr. Weinar, National Gypsum and the retail store chain would all be entitled to damages for patent infringement. This would be extended to any number of members in a chain of distribution. This in turn would result in a multiplicity of lawsuits for patent infringement, all brought by different persons claiming

different interests in the same patent, against a single accused infringer.

To Petitioner's best knowledge, never before in any reported decision has a mere exclusive distributor been awarded damages for patent infringement so that this decision represents "new law" in the patent field. Since this "new law" is contrary to the statutory language of Title 35 of the United States Code as well as contrary to the logic and reasoning of previous decisions of this Court, such "new law" should be made, if at all, by the legislature and not by the Court of Appeals for the Federal Circuit.

35 U.S.C. Section 281 in defining who is entitled to damages for patent infringement states as follows:

> "A 'patentee' shall have remedy by civil action for infringement of his patent."

35 U.S.C. Section 100(d) then defines a "patentee" as follows:

> "The word patentee includes not only the patentee to whom the patent was issued but also the successors in title to the patentee"

In addition 35 U.S.C. Section 261 provides that a patentee may "convey an exclusive right under his application for patent, or patents, to the whole or any specified part of the United States." Section 261 of Title 35 of the United States Code thus sets forth the fashion in which a patentee may convey an equitable interest in and/or legal title to a patent. As is discussed more fully in the *Pope* decision, *infra*, a patent is a creature of statute and can only be divided into parts as authorized by law. Any conveyance short of an exclusive right to the *whole* patent (at least within a specified territory) fails

to satisfy the requirements of 35 U.S.C. Section 261 and thus fails to convey an equitable interest in the patent.

National Gypsum has no ownership interest, legal or equitable, in the Weinar patent since it has not received a conveyance of the patent in compliance with 35 U.S.C. Section 261 and thus is not a "patentee" as defined in 35 U.S.C. Section 100. Since National Gypsum is not a "patentee", it is not entitled to damages for patent infringement under 35 U.S.C. Section 281. Therefore, the Federal Circuit erred by enlarging the definition of "patentee" to encompass a mere distributor of a patented product.

II. AN AWARD OF DAMAGES FOR PATENT INFRINGEMENT TO NATIONAL GYPSUM, A MERE DISTRIBUTOR OF THE PATENTED PRODUCT, IS CONTRARY TO PRIOR DECISIONS OF THIS COURT.

The decision below is also contrary to the reasoning and logic of several decisions of this Court. All of these decisions make it clear that only the patentee, or his or her exclusive licensee of all the rights under the patent (at least for a particular territory) may maintain a suit for patent infringement.

See, for example, *Gayler et al. v. Wilder,* 10 How. 504, 13 L.Ed. 504, 51 U.S. 477 (1850) in which the patentee granted an exclusive license for the city of New York but retained the right to make the patented product in New York for sale outside of New York. In the event that the patentee sold the patented product within New York, the patentee paid a royalty to the licensee.

In holding that the agreement between the patentee and the licensee did not constitute an assignment of an undivided interest in the patent so that, the licensee was

a mere licensee and could not bring suit or collect damages for patent infringement, this Court said:

> "By the fourteenth section, the patentee may assign his exclusive right within and throughout a specified part of the United States, and upon such an assignment the assignee may sue in his own name for an infringement of his rights. But in order to enable him to sue the assignment must undoubtedly convey to him the entire and unqualified monopoly which the patentee held in the territory specified—excluding the patentee himself, as well as others. And any assignment short of this is a mere license for *it was obviously not the intention of the Legislature to permit several monopolies to be made out of one, and divided among different persons within the same limits.* Such a division would inevitably lead to fraudulent impositions upon persons who desired, and would subject a party who, under a mistake as to his rights, used the invention without authority, to be harassed by a multiplicity of suits instead of one and *to successive recoveries of damages by different persons holding different portions of the patent right in the same place.* Unquestionably, a contract for the purchase of any portion of the patent right may be good as between the parties as a license, and enforced as such in the courts of justice. But *the legal right in the monopoly remains in the patentee, and he alone can maintain an action against a third party who commits an infringement upon it.* This is the view taken of the subject in the case of Blanchard v. Eldridge, J.W. Wallace, 337, and we think it is the true one.

Applying these principles to the case before us, the action was properly brought by the plaintiff below, and could not have been maintained by Herring.

> This agreement is singularly confused and complicated. It purports to grant to Herring the exclusive right to make and vend the Salamander safe in the City, County and State of New York; and Herring agrees to pay to the defendant in error a cent a pound for every pound the safes might weigh, to be paid monthly. But at the same time it reserves the Wilder the right to set up a manufactory or works for making these safes in the state of New York provided it is not within fifty miles of the city, and to sell them in the state of New York, paying to Herring a cent a pound on each safe so sold within the state.
>
> It is evident that this agreement is not an assignsignment of an undivided interest in the whole patent, nor the assignment of an excluive right to the entire monopoly in the state or city of New York. It is therefore to be regarded as a license only, and under the act of Congress does not enable Herring to maintain an action for an infringement of the patent right." 13 L.Ed. 511-512 (Emphasis added).

Although this Court in *Gayler, supra,* interpreted Section 14 of the Patent Act of 1836 (Ch. 357, 5 Stat. 117, July 4, 1836), Section 14 of the Patent Act of 1836 has been recodified with minor changes in language, but without change in substance with respect to patent ownership, as Section 36 of the Patent Act of 1870 (Ch. 230, 16 Stat. 19-217, R.S. 4898, July 8, 1870), R.S. Section 4898 of the Patent Act of 1903 (Ch. 1019, 32 Stat. 1225-1227, March 3, 1903) and is presently codified in 35 U.S.C. Section 261.

As applied to the instant case, the patent owner, Mr. Weinar, has reserved the right to make the patented product in the United States as well as the right to sell the patented product, at least to National Gypsum. National Gypsum, by its agreement with Weinar, unquestionably did

not obtain "the entire and unqualified monopoly which the patentee held in the territory specified" since National Gypsum did not obtain the right to make the patented product. As such, National Gypsum is a "mere licensee" and "the legal right in the monopoly remains in the patentee [Weinar] and he *alone* can maintain an action against a third party who commits an infringement upon it." (emphasis supplied), *Gayler, supra.*

As set forth in the above quoted section from *Gayler, supra,* a patent owner is not permitted to "make several monopolies out of one" since, to do so, would subject an infringer "to successive recoveries of damages by different persons holding different portions of the patent right in the same place." This of course is exactly what has happened in this case. Mr. Weinar makes and sells his patented product to National Gypsum which then resells the patented product and both Mr. Weinar and National Gypsum have been awarded damages for patent infringement.

In accord, see *Pope Manufacturing Company v. The Gormully and Jeffrey Manufacturing Company,* 36 L.Ed. 420, 144 U.S. 248, 12 S.Ct. 637 (1892), in which the patentee granted an exclusive license to the licensee but reserved the right to make and sell the patented product for his own company. In holding that such an assignment is a mere license and one not entitling the licensee to bring suit for patent infringement, the Supreme Court said:

> "The language used by the court in this case was a reaffirmance of that employed by Chief Justice Taney in Gayler v. Wilder, to the effect that the monopoly granted by the patent laws is one entire thing, and cannot be divided into parts, except as authorized by those laws; and that the right of the patentee to assign his monopoly was limited, either to the whole patent, comprising the exclusive right to make, use and vend

> the invention throughout the United States; or, second, to an undivided part or share of that exclusive right; or, third, to the exclusive right under the patent within and throughout a specified territory. Rev. Stat. 4898. 'A transfer,' said the court, 'of either of these three kinds of interests is an assignment, properly speaking, and vests in the assignee a title in so much of the patent itself, with a right to sue infringers; in the second case, jointly with the assignor; in the first and third cases, in the name of the assignee alone. Any assignment or transfer, short of one of these, is a mere license, giving the licensee no title in the patent, and no right to sue at law in his own name for an infringement.'" 144 U.S. 251, 252 (Emphasis added).

The *Pope* decision is clearly applicable to this case. The distributorship agreement between National Gypsum and Weinar does not fall within any of the three different categories set forth by the Supreme Court in *Pope, supra.* As such, National Gypsum is at best a mere licensee unable to sue in its own name for infringement. The *Pope* decision which was decided under the Patent Act of 1870 also makes it clear by its reliance upon *Gayler, supra,* that Section 14 of the Patent Act of 1836 was reenacted without substantive change as R.S. 4898 in the Patent Act of 1870.

It is true that in the instant case, both Mr. Weinar and National Gypsum were joined as plaintiffs. Rollform did not move to dismiss National Gypsum for the reason that National Gypsum was a proper defendant on Rollform's counterclaim for patent infringement. Simply joining National Gypsum and Weinar together as co-plaintiffs, however, does not create substantive rights for National Gypsum which do not otherwise exist.

The law is well settled that the patentee may, of course, grant an undivided interest in the patent for a particular

territory and that the owner of the undivided interest, whether legal or equitable, may bring suit and collect damages for patent infringement. Such a territorial limitation may be geographic as was the situation in *Littlefield v. Perry,* 22 L.Ed. 577, 88 U.S. 205, 21 Wall. 205 (1874), and *The Paper Bag Cases,* 105 U.S. 766 (1881). Likewise, the patentee may grant an undivided interest in the patent for a particular use field as was the case in *Pratt and Whitney Company, Inc. v. United States,* 153 F. Supp. 409, 114 USPQ 246 (Ct. of Cl. 1951) and *In re Precision Screen Machines et al.,* ..... F. 2d ....., 221 USPQ 1034 (Fed. Cir. 1984) and the grantee may recover damages for patent infringement. Never before, however, has a mere distributor of a patented product, like National Gypsum, recovered damages for patent infringement.

CONCLUSION

Petitioner Rollform respectfully submits that the Court of Appeal for the Federal Circuit erred in affirming a damage award for patent infringement to National Gypsum, a mere distributor of the patented product. Furthermore, this decision, if allowed to stand, vastly increases the number of potential claimants in lawsuits for patent infringement.

The grant of this petition is earnestly solicited.

Respectfully submitted,

ERNEST I. GIFFORD
DOUGLAS W. SPRINKLE
GIFFORD, VANOPHEM, SHERIDAN,
SPRINKLE & NABOZNY, P.C.
280 N. Woodward, Suite 210
Birmingham, MI 48011
(313) 647-6000
Attorneys for Petitioner

APPENDIX

COURT OF APPEALS, FEDERAL CIRCUIT

Weinar et al. v. Rollform Incorporated et al.

Nos. 84-515 and 84-526

Decided Sept. 17, 1984

Before Markey, Chief Judge, Nichols, Senior Circuit Judge, and Kashiwa, Circuit Judge.

Markey, Chief Judge.

Appeals from judgments entered on verdicts after denials of motions for judgment notwithstanding the verdict (JNOV). The United States District Court for the Eastern District of Michigan entered judgments on jury verdicts that U. S. Patent No. 3,308,590 (Ettore patent) is valid and not infringed, that U. S. Patent No. 4,117,644 ('644 patent) is valid and infringed, that U.S. Patent No. 4,221,095 ('095 patent) and U.S. Patent No. 4,296,580 ('580 patent) are invalid, and that plaintiffs Roger Neil Weinar, Concept Search, Inc. (Weinar) and National Gypsum Company (Gypsum) are each entitled to damages of $66,930. *We affirm in part and vacate in part.*

BACKGROUND

The Parties

Weinar is the patentee of the '644 patent (issued October 3, 1978), the '095 patent (issued September 9, 1980), and the '580 patent (issued October 27, 1981). The patents are directed to a wallboard fastener and a wall constructed with that fastener.

Weinar manufacturers the fasteners. Concept Search, Inc. is assignee of the patents. Gypsum is sole distributor of Weinar's fasteners in the United States. Weinar sells half his fasteners to Gypsum and half to a Canadian distributor.

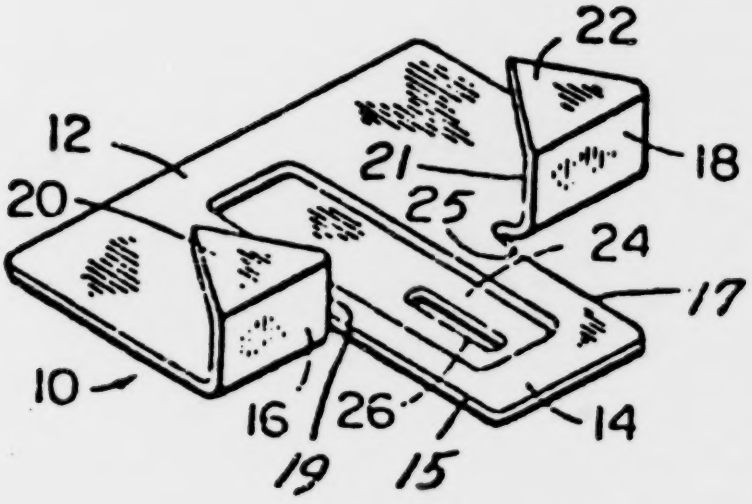
Rollform Incorporated (Rollform) manufacturers and sells fasteners for wallboard. On November 29, 1978, Rollform obtained from Champion International Corporation (Champion) a license under the Ettore patent, which discloses a fastener similar to Weinar's and which issued years before his patent applications. Rollform purchased the Ettore patent on November 13, 1979.

From February 1979 to June 1, 1980, Rollform made over two million of its "Type A" fasteners. From June 1, 1980 to present it has made its "Type B" fastener.

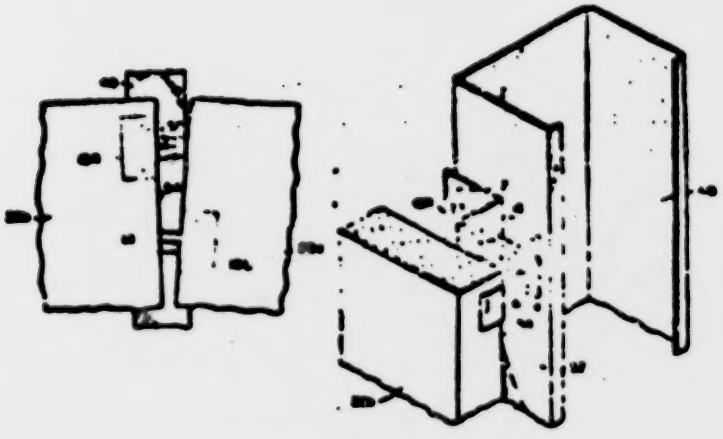
The Invention

The Weinar fastener is a metal one-piece clip with pointed impaling flanges. An opening in the clip allows for securing it to wooden framing with a nail or screw. A walled depression strengthens the clip and spaces the wallboard from the frame.

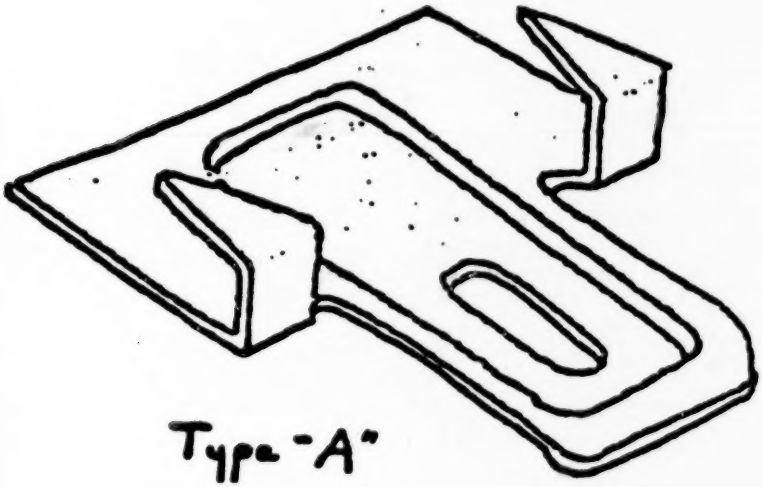
The Weinar fastener is illustrated thus in the drawings of the '644 patent:

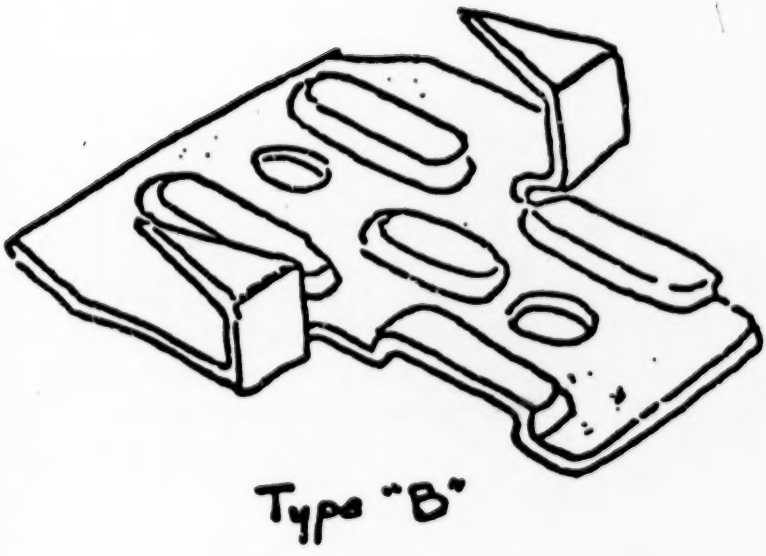


And thus in the identical drawings of the '095 and '580 patents:



Rollform's type "A" and "B" fasteners are illustrated in the drawings introduced at trial:



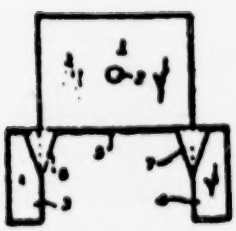


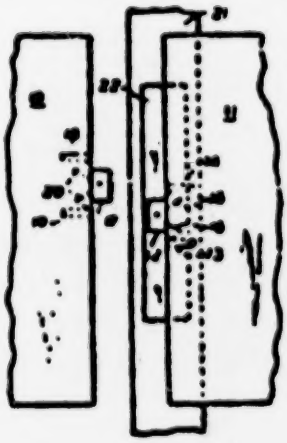
Patent and Trademark Office Proceedings

On September 29, 1978, during pendancy of the application for the '644 patent, Weinar filed what he called a first continuation-in-part (CIP) application. He says he added no new matter, but filed it to permit extensive rewriting. When claims were rejected for double patenting and as obvious in view of Ettore, Weinar filed a terminal disclaimer, cancelled four claims, and added seven new claims. The CIP application issued September 9, 1980 as the '095 patent.

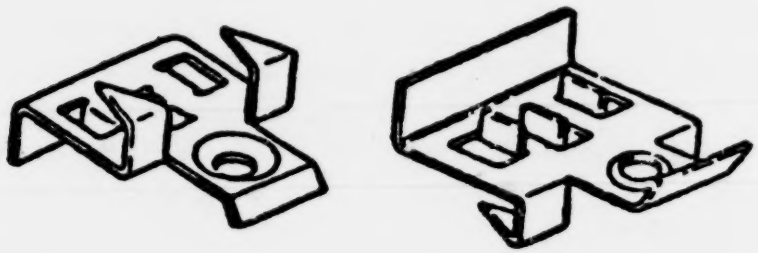
Weinar had filed a further CIP application on July 23, 1980, containing new matter. On September 8, 1980, Weinar filed a petition to make that application special in the Patent and Trademark Office (PTO), citing the present litigation. When the PTO rejected all claims for obviousness-type double-patenting and as obvious in view of Ettore, Weinar filed a terminal disclaimer, cancelled a claim, and added five claims. The application was issued October 27, 1981, as the '580 patent.

The Ettore fastener is shown in these drawings from the Ettore patent:





Judkins patent No. 4,127,975 (Judkins) discloses a wallboard fastener having this configuration:



The Judkins patent was issued December 5, 1978, on a continuation of an application filed July 15, 1976; i.e., about 3½ months before the October 3, 1976, filing date of the application that resulted in the '644 patent. The Examiner who allowed the Judkins patent application examined the applications that issued as the '095 and '580 patents. He cited Judkins against the '095 but not against the '580 patent. Weinar called the examiner's attention to an advertisement of the Judkins fastener during prosecution of the '644 patent, saying he did not know whether it was prior art and was therefore not admitting that it was. Though Weinar later learned that the Judkins fastener did constitute prior art, he made no mention of it to the PTO.

District Court Proceedings

Weinar sued Rollform on October 31, 1979, alleging infringement of the '644 patent. On January 9, 1980, Weinar amended his complaint, alleging unfair competition, saying Rollform's imitation of Weinar's advertising was an effort to pass its fasteners off as Weinar's.

Rollform answered on January 16, 1980, denying validity of the '644 patent for prior use, anticipation, obviousness, incomplete specification, indefinite claims, and lack of synergism. Rollform counterclaimed for infringement of its Ettore patent.

On February 22, 1980 Weinar answered the counterclaim, denying validity of the Ettore patent for incomplete specification and indefinite claims, denying enforceability because of misuse, and saying Ettore's claim wording precluded application of the doctrine of equivalents.

On June 1, 1980 Rollform ceased making its type "A" fasteners and began making and selling type "B" fasteners. Weinar conceded that type B does not infringe the '644 patent. Rollform conceded that if the '644 patent is valid, its type A infringes it.

On November 13, 1980, Weinar again moved to amend the complaint, alleging direct, induced, and contributory infringement of his newly issued '095 patent. The motion was granted on January 9, 1981.

Rollform answered on February 23, 1981, alleging invalidity of the '095 patent for prior use, anticipation, obviousness, incomplete specification, indefinite claims, lack of synergism, and late claiming.

The '580 patent having issued on October 27, 1981, Weinar filed an additional complaint the next day alleging direct and induced infringement.

Rollform denied validity of the '580 patent on the grounds cited against the '095 patent plus double patenting and fraud on the PTO Answering Rollform's counterclaim for infringement of the Ettore patent, Weinar said that patent was invalid for wrong inventors, anticipation, obviousness, incomplete specification, and indefinite claims,

and was unenforceable because of misuse. He denied infringement.

Rollform included in its answers what it designated as counterclaims for invalidity of each of Weinar's three patents. It did not specifically seek a declaratory judgment of invalidity.

The district court consolidated Weinar's complaints on February 9, 1982.

Witnesses at a nine day trial were Weinar, Hauss, Adams, Krass and Ettore. Judkins and Sowinski testified by deposition.

Weinar described the making of his inventions, the patents, development of his advertising, Rollform's infringement, his discussions with Adams, his damages and lost profits, the prosecution of his applications, the relaationship of Weinar and Gypsum, Gypsum's exclusive license, and unfair competition.

Hauss appeared as a patent law expert and employee of Gypsum. He testified on the patents, on infringement, on the scope of Weinar's claims, on validity and scope of the Ettore claims, on the relation between Weinar and Gypsum, on damages, and on unfair competition.

Adams testified on his work in development of the Rollform fasteners, discussions with Weinar, Rollform's acquisition of the Ettore patent, and the organization and business operations of Rollform.

As an expert, Krass testified on the scope of the claims in issue, infringement, and validity of the patents.

Ettore testified on the design and development of the fasteners disclosed in the Ettore patent and in his earlier U. S. Patent 3,228,164.

Judkins was deposed on the design and development of the Judkins fastener and the background of his patent.

Sowinski was deposed on his evaluation of the Weinar and Judkins fasteners at Gypsum.

The court gave comprehensive and unchallenged instructions on the law to the jury. At one point in its deliberations, the jury requested and received clarification of the instructions on "late-claiming" and double-patenting.

The court employed a verdict form that required the jury to determine with respect to each patent whether it was "valid" or "invalid" and "infringed" or "not infringed", and to announce damages if appropriate.

As above indicated, the jury returned a verdict that the Ettore patent was valid and not infringed, the Weinar '644 patent was valid and infringed, and the Weinar '095 and '580 patents were invalid. The jury found damages for patent infringement in the amount of $66,930 each to Weinar and Gypsum, and $6,693 to Weinar for unfair competition.

Having previously moved for directed verdict, Rollform moved for JNOV and alternatively for a new trial. Weinar moved for JNOV. All motions were denied. Rollform appealed and Weinar cross-appealed.

Issues

1. Whether the district court erred in denying Rollform's motion for JNOV on the '644 patent.

2. Whether the district court abused its discretion in denying Rollform's alternative motion for a new trial.

3. Whether the district court erred in denying Weinar's motion for JNOV on the '095 and '580 patents.[1]

Opinion

General

The presentations of both sides in this appeal undergrid the view that the "problem" seen by some in patent jury trials lies not in the jury system but in a failure of counsel to learn and follow long-established rules applicable at the trial and appellate levels.

Rollform asks us to remand for determination of infringement of the Ettore patent, alleging an erroneous instruction. Those issues, however, are not before us, Rollform having failed to designate that part of the judgment in its notice of appeal. FRAP 3(c).

Rollform argues for limitation of damages, asserting that Weinar introduced no evidence of marking under 35 U.S.C. §287. Because Rollform did not raise the issue at trial, by request for an instruction or otherwise, it is improperly raised on appeal.

Weinar's brief in appeal No. 84-515 does not respond to Rollform's argument and authorities indicating that no support exists for the jury's award of $6,693 for unfair competition. The authorities cited by Rollform and un-

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1. The docket sheet does not indicate that Weinar had challenged the sufficiency of the evidence before the verdict was returned, by a motion for directed verdict or otherwise. Absent such challenge, Weinar's motion for JNOV would be improper and the relation of the evidence to the verdict in appeal No. 84-526 would not be within our power to review. Fed. R. Civ. P. 50(b). On the presumption that the district court would not have entertained Weinar's motion if there had been no such challenge, and in view of Rollform's failure to raise the question, we consider issue 3.

contested by Weinar make it clear that the award is contrary to law when the evidence on which it was necessarily based is so insubstantial as that in the present record. That part of the judgment must therefore be vacated.

Weinar's brief in appeal No. 84-526 argues improperly for limitation of the invalidity verdict to the asserted claims, in disregard of Rollform's counterclaim for invalidity of the '095 and '580 patents, the evidence of invalidity of those patents presented to the jury, and Weinar's failure to object to the verdict forms and instructions. Fed. R. Civ. P. 51.

In appeal No. 84-526, Weinar asserts error in submitting issues of law to the jury, in disregard of its failure to object to that submission or to instructions on those issues, Fed. R. Civ. P. 51, and ignoring this court's contrary statement in Railroad Dynamics, Inc. v. A. Stucki Co., 727 F.2d 1506, 220 USPQ 929 (Fed. Cir. 1984). Weinar says the jury's request for clarification of an instruction is alone sufficient to establish that it was confused when it later returned its verdict (a view that would preclude all such jury requests), again in disregard of its failure to object at the trial level.

Weinar repeatedly asserts that the trial court "could have" decided the validity of the '095 and '580 patents on the file wrapper and prior art as a matter of law, and that "in the interests of judicial economy" this court should do just that in appeal No. 84-526. In so arguing, Weinar misconstrues the role of this court on review following denial of a motion for JNOV. Railroad Dynamics, supra.

Weinar attacks the denial of increased damages under 35 U.S.C. §284 on the ground that Rollform's counsel

"testified" during his opening and closing statements. Weinar disregards its failure to object to such "testimony" or to move for new trial on that ground; the consequent removal of the issue from those proper on appeal; and the curative instruction given by the trial judge, i.e., that counsel's statements do not constitute evidence. The rules make clear that absent plain error lawyers who give the trial judge no opportunity to consider the propriety of an event at trial simply cannot ask an appellate court, sitting with but a cold record, to do so.

Weinar's argument in appeal No. 84-526 that the jury was confused, by testimony about "identaclaiming" and about the impropriety of successive CIP's with successively broadened claims, disregards the curative effect of the instructions to which Weinar raised no objection. It also disregards the "invited error" rule in that much of the testimony now objected to was elicited by Weinar's counsel on cross examination. Counsel did not move to strike any answer as nonresponsive and cannot now be heard to complain that the witness answered his questions.

Having disposed of the more inappropriate, unworthy, and wasteful arguments and assertions, we turn to those deserving of some discussion.

Appeal No. 84-515

(1) '644 Patent

While at one point recognizing the rules governing consideration of a motion for JNOV and review of a judgment following denial of that motion. Rollform nonetheless says we should reverse the judgment on the jury verdict that the '644 patent is valid because that verdict

was contrary to the "clear weight of the evidence." That is not as stated the standard.

On presentation of a motion for JNOV that a patent is valid, (correctly, has not been proven invalid), the district court must first consider the fact evidence and draw reasonable inferences in a light most favorable to the non-moving party, without determining credibility or substituting its choice for that of the jury when conflicting elements appear in the substantial probative fact evidence. Railroad Dynamics, supra. The moving party is entitled to JNOV when the court is convinced: (1) that reasonable persons could not in light of that evidence have found the facts necessary to support the jury's verdict; *or* (2) that the facts properly found cannot in law support that verdict. If, on the other hand, the court is convinced that reasonable persons could have found in light of that evidence the facts necessary to support in law the jury's verdict, denial of the motion for JNOV is required. Connell v. Sears, Roebuck & Co., 722 F.2d 1542, 220 USPQ 193 (Fed.Cir. 1983).

Rollform says the factual basis for the jury's verdict is not clear because special fact interrogatories were not given to the jury. The subject of interrogatories is discussed more fully infra. At this point, it is sufficient to recognize that the role of interrogatories in making a judge's job easier (by illuminating a verdict's basis) has less place here. Contrary to Rollform's assertions, the question is not whether the district court or we would in the abstract consider that the invention claimed in the '644 patent would have been obvious, as though there had been no trial. The question before the district court and before us is whether the jury's verdict that the '644 patent is (remains) valid (i.e., has not been proven invalid

in this case) is supported by substantial evidence. Bio-Rad Laboratories, Inc. v. Nicolet Instrument Corp., Nos. 83-829/864, 222 USPQ 654 (Fed. Cir. July 12, 1984). Because the verdict was one of validity, the true question here is whether Rollform, which bore the burden, 35 U.S.C. §282, submitted such evidence as would preclude a reasonable jury from reaching a verdict of validity.

Moreover, the rule is not that the fact basis for the verdict must be spelled out by the jury. It is sufficient if there be a basis for the verdict in the evidence. Lavender v. Kurn, 327 U.S. 645, 653 (1946).

Rollform offers an argument in the abstract that the '644 patent is invalid under 35 U.S.C. §103, basing that argument on the disingenuous assertion that the Weinar fastener differs from that of Judkins only in the substitution of an elongated slot for a hole. If that had been the only evidence before the jury, and if Rollform's motion had been nonetheless denied, we would have had little difficulty in reversing the denial of the motion. Indeed, as Rollform emphasizes, Weinar admitted that a slot for adjustability would have been obvious.

Rollform's argument not only fails to focus on the relevant inquiry, i.e., on the relationship of the evidence to the verdict, it also ignores the presumption of validity, 35 U.S.C. §282 and the burden that statute places on Rollform. Rollform simply failed to prove facts showing obviousness of Weinar's walled depression and its performance of the two functions of strengthening the fastener and spacing the panel from the frame without digging into the frame or the panel. Proof that Judkins had seen the spacing problem would not prevent the jury from recognizing on the evidence presented that Weinar's solution was structurally distinct from Judkins

and capable of performing two functions not achievable by the latter.

Rollform's briefs contain substantial argument of counsel praising the Judkins fastener, which Rollform does not make. Argument of counsel on appeal, however, cannot substitute for evidence. Bio-Rad Labs, supra. Because a reasonable jury could have determined that Rollform's evidence at trial was insufficient to carry its burden of establishing invalidity, the district court committed no error in denying Rollform's motion for judgment notwithstanding the verdict. Railroad Dynamics, supra.

(2) Damages Award to Gypsum

Rollform made timely objection to the jury instruction authorizing an award of damages to Gypsum and moved for new trial. It thus preserved the issue for appeal. Rollform also argues, presumably under the umbrella of its motion for JNOV, that if the jury found Gypsum an exclusive licensee under the '644 patent, such a finding would be "against the clear weight of the" (correctly, "unsupported by substantial") evidence.

It is undisputed that Gypsum is the exclusive distributor throughout the entire territory in which the patent could have any legal effect, i.e., the United States. Rollform challenges the testimony describing Gypsum as having the "exclusive license to sell" the Weinar fastener in the United States, on the ground that Weinar's sales to Gypsum make the latter's sales non-exclusive. The argument is disingenuous. Taken seriously, it would preclude every exclusive license to sell not accompanied by a license to make and vice versa.

Rollform says that Gypsum cannot as a matter of law be awarded damages because it owns no part of the patent

and because it is not "an exclusive licensee" (by which it means Gypsum does not have the exclusive right to make, use and sell), and because Gypsum's right, whatever it is, was not recorded as provided for in 35 U.S.C. §261.[2] Rollform insists that rights in a patent are limited to ownership, exclusive licenses to make, use, and sell, and non-exclusive licenses. Because Weinar makes the fasteners and sells them to Gypsum in the U.S., and to its exclusive Canadian distributor in Canada, Rollform, as above indicated, says Gypsum could at best be only a non-exclusive licensee. It then cites cases dealing with split assignments and failure to join a licensee as plaintiff (Waterman v. Mackenzie, 138 U.S. 252 (1891)), with an attempt of a licensee to appeal alone (Life Time Doors v. Walled Lake Door Co., 505 F.2d 1165, 184 USPQ 1 (6th Cir. 1974)), and with an attempted simultaneous grant and reservation of the same rights to make, use, and sell (Agrashell, Inc. v. Hammons Products Co., 352 F.2d 443, 147 USPQ 347 (8th Cir. 1965)). Rollform inappropriately quotes snippets of language from opinions in those cases, though none of those cases is persuasive, each having involved a fact pattern jurisprudentially different from that in the present case.

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2. 35 U.S.C. §261 reads in pertinent part: Ownership; assignment

Subject to the provisions of this title, patents shall have the attributes of personal property.

Applications for patent, patents, or any interest therein, shall be assignable in law by an instrument in writing. The applicant, patentee, or his assigns or legal representatives may in like manner grant and convey an exclusive right under his application for patent, or patents, to the whole or any specified part of the United States.

* * *

An assignment, grant or conveyance shall be void as against any subsequent purchaser or mortgagee for a valuable consideration, without notice, unless it is recorded in the Patent and Trademark Office within three months from its date or prior to the date of such subsequent purchase or mortgage.

Rollform cites Western Electric Co. v. Pacent Reproducer Corp., 42 F.2d 116, 5 USPQ 105 (2d Cir. 1930) and quotes at length that court's indication that "a bare license" gives no right to join in a suit. Gypsum is not, however, a bare licensee. Its right to sell is excluive, like that of the licensees in Western Electric, who were held properly joined as plaintiffs because they were exclusive licensees in particular areas.

The jury need not have determined that Gypsum was "an exclusive licensee" as defined by Rollform. It was at liberty to believe the testimony that an oral contract existed between Weinar and Gypsum, under which Gypsum had an exclusive right to sell as sole distributor in the United States. Rollform has shown nothing in the general contract law of the state in which the contract was formed (New York) to indicate that the contract was void or defective. Both parties to the contract sued Rollform for its acts of infringement that injured both. Multiple recoveries are neither recoverable nor here involved. Rollform argues that only a plaintiff may be awarded damages, apparently forgetting that Gypsum is a plaintiff and that Rollform never moved in the trial court for severance of Gypsum from the case.

That the present fact pattern may be comparatively rare does not require a departure from the general rule that two parties sharing the property rights represented by a patent may have their respective rights protected by injunction and each, when properly joined in a suit, may be entitled to damages. See Littlefield v. Perry, 88 U.S. 205 (1874); Paper-Bag Cases, 105 U.S. 766 (1881); Birdsell v. Shaliol, 112 U.S. 485 (1884). See, also, In re Precision Screen Machines, Inc., 729 F.2d 1428, 221 USPQ 1034 (Fed.Cir. 1984) (Refusal to dismiss complaint of field of use license, patentee not joined, held not abuse

of discretion warranting mandamus); Wing Engineering Corp. v. U.S., 151 F.Supp. 314, 113 USPQ 343 (Ct. Cl. 1957) (patentee's reservation will not preclude suit by licensee who attempted to join patentee); Pratt & Whitney Co. v. U.S., 153 F.Supp. 409, 114 USPQ 246 (Ct. Cl. 1951) (limited licensee may sue when patentee refuses to join after notice and invitation).

There being no dispute between Weinar and Gypsum, and no question of a bona fide purchase for value without notice of rights in the '644 patent, 35 U.S.C. § 261 is simply in this case inapplicable.

The district court committed no abuse of discretion in denying Rollform's alternative motion for a new trial.

(3) *Damage Amount*

Rollform challenges the award of $66,930 each to Weinar and Gypsum as excessive because it totals more than the gross amount it received from its lower-price sales of the infringing type "A" fastener. The award equates to the profit of 3 cents per fastener lost by Weinar and by Gypsum. Rollform requests that we reduce the total damages from $133,860 to $3,474.75.

In measuring damages "adequate to compensate for the infringement", 35 U.S.C. §284, the infringer's failure to have made a profit from its infringement is irrelevant. The Supreme Court has defined such damages as compensation for the pecuniary loss suffered from the infringement "without regard to the question whether the defendant has gained or lost by his unlawful acts". Coupe v. Royer, 155 U.S. 565, 582 (1958). The measure, when its calculation is possible, is an amount needed to return the patent owner to the position it would have occupied

had there been no infringement. Yale Lock Mfg. Co. v. Sargent, 117 U.S. 536, 552 (1986).

Arguing that this court should reduce the damage award to what it says would be a reasonable royalty, Rollform says there was a failure to prove: (1) demand for the patented product; (2) absence of acceptable noninfringing substitutes; (3) capability of meeting demand; and (4) lost profit, as outlined in Central Soya Co. v. Geo. A. Hormel & Co,. 723 F.2d 1573, 220 USPQ 490 (Fed. Cir. 1983). There was, however, testimony interpretable by the jury as applicable to those elements, and those elements are not an absolute requirement in every case. See Bio-Rad Labs, supra, sl. op. at 30, 222 USPQ at 66; Lam, Inc. v. Johns-Manville Corp., 718 F.2d 1056, 219 USPQ 670 (Fed. Cir. 1983).

More importantly, the jury was instructed with respect to damages, and the only objection raised by Rollform related to awarding anything to Gypsum and to the possible effect on the jury that any instruction on increased damages may have. The remaining damages instructions were applicable to Rollform's claim for infringement of its Ettore patent as well as to Weinar's claim for infringement of the '644 patent. Having raised no objection before the jury retired, Rollform cannot now be heard to insist on our reducing the damages because the jury should have been instructed in a particular manner.

Jury damage awards, unless the product of passion and prejudice, are not easily overturned or modified on appeal. That salutory approach is particularly applicable here, where the jury had every right to believe the evidence presented to it respecting a proper damage award sufficient to compensate the plaintiffs for the injury each suffered.

Appeal No. 84-526

Interrogatories

Like Rollform, Weinar attempts much from the election of the trial judge to forego submission of fact interrogatories to the jury. Weinar's plaintive cry that there is "no record" to show which findings or legal grounds formed the basis for the jury's verdict that the '095 and '580 patents are invalid, is of interest in view of its ready acceptance of the same jury's verdict that the '644 patent is valid. It is also wrong. The record is voluminous. That Rollform raised many defenses is of no moment, if there be one among them supported by substantial evidence on which a reasonable jury could have reached the challenged verdict. Lavender v. Kurn, supra.

Building on its *"no record"* theme, Weinar strenuously argues in appeal No. 84-515 that the district court committed "reversible error" when it declined to submit fact interrogatories to the jury and required verdicts of "valid or invalid" and "infringed or not infringed" for each patent. In appeal No. 84-515, Weinar says the failure to submit interrogatories was at most "harmless error" and makes no attack on the verdict form.

It should be recognized that a reversal, i.e., the substitution of a contrary judgment of this court for that entered by the district court, is not available to an appellant who merely establishes error in instructions or other procedures employed at trial. If such error was not "harmless", i.e., if it could have prejudicially affected the verdict, this court may order only that judgment be vacated and that a new trial be granted, for in that event, this court cannot say what verdict a jury would reach when properly instructed or when a proper procedure is

followed. Where the procedural error was "harmless", i.e., where the evidence in support of the verdict is so overwhelming that the same verdict would necessarily be reached absent the error, or the error was cured by an instruction, a new trial would be mere waste and affirmance of the judgment is required. Thus it is difficult to conceive of a merely procedural error, as distinguished from an evidentiary insufficiency on the part of one who bore the burden, that could warrant an appellate court in reversing the appealed judgment entered on a jury verdict. Railroad Dynamics, supra, 727 F.2d at 1514, 220 USPQ at 937.

At trial, it was Rollform who requested the submission of interrogatories and it was Weinar who successfully objected to the submission. Indeed, the district court adopted the jury instructions proposed by Weinar. On at least two grounds, therefore, Weinar's argument is improper. First, if error had occurred, it would have been an "invited error" not subject to consideration on appeal. Second, Weinar's failure to object to the absence of interrogatories precludes the assignment of that absence as error here.

Recognizing its failure to request interrogatories, or to object to their absence, Weinar says its failure must be here disregarded because there has been an intervening change in the law and appellate courts must apply the law as it exists when the appeal is decided, absent manifest injustice. Weinar's difficulty is that the law has not changed.

Weinar's notion that the law on interrogatories was "changed" by this court in American Hoist & Derrick Co. v. Sowa & Sons, Inc., 725 F.2d 1350, 220 USPQ 763 (Fed. Cir. 1984), is wrong. Weinar's statement that this court

"reversed a holding of invalidity for obviousness" because interrogatories were not used is untrue. This court in that case remanded because of erroneous instructions on the law of fraud and obviousness.

It is true that the court in American Hoist said the district court "should have" submitted interrogatories, but in view of the language of Fed. R. Civ. P. 49 ("a court *may* submit [emphasis added]) it would improperly invade the right of a district judge to manage trials if an appellate court were to reverse in reliance on its own view that the rule should say "*shall* submit". The role of an appellate court does not include modification of the Federal Rules of Procedure approved by the Supreme Court and mandated by the Congress, and this court in American Hoist attempted no such modification.

It is also true that in American Hoist, in Railroad Dynamics, supra, and in Connell, supra, this court noted an advantage accruing to judges on review of jury verdicts when those verdicts are accompanied by answers to fact inquiries. In American Hoist, this court noted earlier decisions of other circuits which, for some reason, saw that advantage as somehow more attractive in "a patent case". Given the same familiarity with the substantive law involved, however, the advantage to a reviewing judge is the same in any kind of case.

An appellate court should not vacate a judgment on a jury verdict solely because the trial judge declined to submit fact interrogatories to a jury. To do so would abrogate the discretion of the trial judge explicitly provided by Rule 49. To do so with respect to some but not other patent cases would confront the trial judge with a definitional quagmire.

Whatever advantage may accrue at the review stage, there are other stages in the judicial process, and submission of interrogatories is not in all cases an unmixed blessing. The decision to submit interrogatories, and the precise language in which they are couched, can have an untoward effect on a verdict, if certain elements of the trial or the evidence are thereby overly emphasized in the jury's mind. The potential for confusion and for conflict in answers to interrogatories and the verdict may be increased. The nature of the trial and the evidence, and the events at trial, may well influence the decision to employ or forego interrogatories.

The foregoing and other considerations reflect the wisdom of continuing to repose the question of submitting interrogatories within the sound discretion of the trial judge who is most familiar with all the courtroom circumstances existing at the time. With the knowledge of those circumstances fresh, and in expectation of a motion for JNOV and an appeal, trial judges can be trusted to employ interrogatories when it appears that the advantages of that step on review of the jury's verdict outweigh the potential for untoward results outlined above.

Evidence

Weinar makes the legitimate argument that its motion for JNOV should have been granted because there was not substantial evidence to support the jury's verdict that the '095 and '580 patents are invalid. The argument is legitimate but unavailing in light of the record.

A verdict loser appealing denial of its motion for JNOV must, if it would prevail on appeal, show the absence from the record of substantial evidence to support each potential basis, for the verdict. In the present case,

where multiple defenses were presented to the jury, in company with physical and testimonial evidence without objection, that burden is heavy. Weinar has attempted to meet that burden by assailing each potential basis.

A verdict winner, on the other hand may sustain the verdict on a showing of substantial evidence establishing one controlling legal proposition upon which a reasonable jury could have reached that verdict. In the present appeal, Rollform argues that each of its defenses that reached trial (of the many listed in its shotgun-style answers to the complaints) was supported by such substantial evidence.

Though much of Weinar's argument treats the verdict on the '644 patent interchangeably with that on the '095 and '580 patents, the verdict and evidence reviewable in this appeal No. 84-526 must be considered in relation only to the latter patents, the claims of which are of broader than those of the '644 patent. Weinar concedes, as above indicated, that Rollform's type "B" fastener does not infringe the claims of the '644 patent, but asserts that it does infringe certain claims of the '095 and '580 patents. Prosecution in the PTO of the applications that matured into the latter patents involved events different from those in the prosecution of the application that matured into the '644 patent.

As above indicated, Weinar says that there were no factual disputes concerning validity and that this court should therefore find the patents valid or invalid "based on the file wrappers and prior art as a matter of law." Interesting, Weinar makes no such request in respect of the '644 patent. Nor did Weinar request the trial court to do that in respect of any of the patents, though it now says that the trial court "could have" done so in respect of the '095 and '580 patents.

The juxtaposition of Weinar's positions illustrates the impropriety of an appellate court's substituting the personal views of its judges for that of a jury when that jury has reached a verdict based on substantial evidence. Beyond creating an appearance of judicial arrogance, Weinar's suggested substitution would give those unsuccessful under the rules before a jury and a district judge the false feeling of entitlement to a de novo approach on appeal and a new chance to argue, this time in the abstract, that a patent is valid or invalid in light of the prosecution history and prior art.

Weinar's suggestion further illumines the justice achieved by even-handed application of the rules governing review of judgments entered after denials of motions for JNOV, for that even-handed application would be frustrated if the court met Weinar's desire that it follow the rules in appeal No. 84-515 but that it disregard the rules and substitute its naked view of obviousness in appeal No. 84-526.

The short answer to Weinar's argument lies in the evidence and testimony on numerous fact issues presented to and resolved by the jury, among them: Whether Weinar concealed the Judkins prior art from the PTO during prosecution of at least the '580 patent; whether the broad claims of the '095 and '580 patents were anticipated by Judkins; what was disclosed in the prior art as a whole, what differences, if any, exist between that disclosure and the structures broadly claimed in the '095 and '580 patents, what constituted the level of ordinary skill in the art, whether the invention filled a long felt need or was a commercial success, inquiries the answers to which could form the basis for a conclusion that the inventions claimed in those patents would have been obvious Graham v. John

Deere Co., 383 U.S. 1, 148 USPQ 459 (1966). The jury was instructed on the legal issues of fraud and obviousness, Weinar made no objection to those instructions, and the law presumes that the jury followed the trial court's instructions. Under all of the circumstances and the record in this case, there is no foundation on which this court could rest a reversal of the denial of Weinar's motion for JNOV.

Conclusion

Those parts of the judgment appealed from in appeal No. 84-515 and entered on the verdict that the '644 patent is valid and infringed, on the verdict that the Ettore patent is valid and not infringed, and awarding $66,930 each to Weinar and Gypsum are affirmed. The denial of Rollform's motion for a new trial is affirmed. That part of the judgment appealed from in appeal No. 84-515 and awarding $6,693 to Weinar for unfair competition is vacated. The judgment appealed from in appeal No. 84-526 is affirmed.

Affirmed in Part— Vacated in Part.

Nichols, Senior Circuit Judge, concurring.

I join in the judgment of the court, and in the Chief Judge's able opinion, except where it differs with what follows, i.e., except to a very minor extent I have no doubt we are applying the law correctly and doing entire justice in the premises. My concern is only with what is said.

1. I do not join in the discussion of American Hoist & Derrick Co. v. Sowa & Sons, Inc., 725 F.2d 1350, 220 USPQ 763 (Fed. Cir.), cert. filed, 52 U.S.L.W. 3862 (U.S. May 29, 1984). I read American Hoist as intimating more

than the Chief Judge will allow. However, I do not find in it anything compelling a different result in the case before us than the one we have reached, and specifically, I do not think it changes any former law. As its author is, unlike myself, an active judge of this court, I leave it to him to seek, if necessary, a resolution of any conflict there may be between what is *said* in American Hoist and what is attributed to American Hoist here. I add, I think it is futile for any court having the volume of business we have, to suppress all heresy in mere utterance, and to impose an iron uniformity upon all our verbiage. In American Hoist, the record was full of reversible error. Here it is not. That is the distinction meaningful to me.

2. Even if we had "supervisory power" I would not wish to see it exercised to impose special interrogatories on district judges who may not want them. The reasons to the contrary suggested by our Chief Judge herein, are persuasive to me.

3. So I am taking issue about what we say, not what we do, and my position here is contrary to my more usual view that talk is cheap and the mere words chosen by an intermediate appellate judge are of little consequence. I think we are painting ourselves into corners by our eagerness to pronounce legal doctrines not immediately necessary to make our decisions, and the more important our words are, the more confining will be the corners into which we have painted ourselves. I further think that our exclusive jurisdiction, over certain areas of law, is not to be construed as a legislative direction to ignore the efforts of other courts to deal with the same problems, efforts exerted when over many years they shared the responsibility that is now ours. Not only are such efforts not to be ignored, but sporadic notice of them, when it occurs, is not

to take the form of selecting decisions that happen to agree with our thinking, without regard to their place in the development of the case law in that jurisdiction. "The life of the law is not logic but experience," and judicial experience is having to confront not just one case, but a series. As of right now, many other courts have had more continuous experience with patent validity issues than we have, at least as one body. Congress decreed that their conclusions should not bind us, but surely it did not require us to ignore them. Every court except, apparently, this one, knows the difference between being *bound* by the decision of another court, and being *aided* by study of the efforts of that other court to solve problems we must solve, if the aid is given only by providing examples to avoid.

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

Civil Actions No's. 79-60025
81-60203

HON. CHARLES W. JOINER

ROGER NEIL WEINAR, an individual,

and

CONCEPT SEARCH, INC., a corporation,

and

NATIONAL GYPSUM COMPANY, a corporation,
Plaintiffs,

v.

ROLLFORM INCORPORATED, a corporation,

and

GEORGE C. ADAMS, an individual,
Defendants.

JUDGMENT

The above action having been tried before a jury in this Court during the period from February 14-24, 1983, it is now adjudged as follows:

1. Claim 1 of U.S. Patent 3,308,590 (Ettore et al.) is valid.

2. Claims 1-6 of U.S. Patent 3,308,590 are not infringed by Roger Neil Weinar, Concept Search, Inc. or National Gypsum Company, either directly or contributorily, in making and/or selling fasteners of the type illustrated and claimed in U.S. Patent 4,117,644 (Weinar).

3. All the claims of U.S. Patent 4,117,644 (Weinar) are valid.

4. All the claims of U.S. Patent 4,117,644 are infringed by the "Rollform Type A fasteners", which are like that identified as PX-15 at trial and which were marketed by Rollform Incorporated.

5. For the infringement of U.S. Patent 4,117,644 during the period February, 1979 through May, 1980 damages of $66,930.00 are awarded to Roger Neil Weinar and/or Concept Search, Inc. from Rollform Incorporated.

6. For damages done to National Gypsum Company due to the infringement of U.S. Patent 4,117,644 during the period February, 1979 through May, 1980 damages of $66,930.00 are awarded to National Gypsum Company from Rollform Incorporated.

7. U.S. Patent 4,221,095 is invalid.

8. U.S. Patent 4,296,580 is invalid.

9. The Rollform Incorporated box label identified as PX-18 and the Rollform Incorporated advertisements identified as PX-19-A and PX-19-B were copied at least in part from a drawing at the first page of plaintiff Weinar's "demount fastener system" brochure, identified as PX-17, and such copying was done to create confusion as to the source of the Rollform Incorporated fasteners and as to the relationship of Rollform Incorporated to Weinar, which is unfair competition under the law of the State of Michigan and also constitutes a violation of Section 43(a) of the Lanham Act (15 U.S.C. 1125a), for which Rollform Incorporated is liable to Roger Neil Weinar and/or Concept Search, Inc.

10. For the unfair competition of Section 43(a) violations recited in Paragraph 9, damages of $6,693.00 are

awarded to Roger Neil Weinar and/or Concept Search, Inc. from Rollform Incorporated.

11. Rollform Incorporated is hereby enjoined from infringing U.S. Patent 4,117,644 by making, using or selling any wallboard fasteners of the type identified as "Rollform Type A fasteners" which are like that fastener identified at PX-15 at trial, and are enjoined from making, using or selling any fasteners covered by any of the claims of such patent.

12. Rollform Incorporated is ordered to deliver up to Roger Neil Weinar and/or Concept Search, Inc., for destruction under the supervision of the Court, any and all labels, dies, printing plates and literature useful for making, identifying or advertising "Rollform Type A fasteners", and all such fasteners in the possession of Rollform Incorporated or under its control.

13. Costs are awarded to plaintiffs Roger Neil Weinar and/or Concept Search, Inc., and National Gypsum Company against Rollform Incorporated.

Robert A. Mossing
Clerk of Court
By /s/ Judith M. Birdsoll
Deputy Clerk

Approved as to Form:

/s/ (Illegible)
Dated: May 20, 1983

Ann Arbor, Michigan

CERTIFICATE OF SERVICE OF PETITION FOR REHEARING

I hereby certify that on October 1, 1984 I mailed a copy of the foregoing PETITION FOR REHEARING AND SUGGESTION FOR REHEARING IN BANC to Eric P. Schellin, P.C. 2001 Jefferson Davis Hwy., Suite 301, Crystal Plaza 1, Arlington, VA 22202 by first class mail, postage prepaid.

/s/ Douglas W. Sprinkle

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT
717 Madison Place, N.W.
Washington, D.C. 20439

George E. Hutchinson
Clerk

Telephone: 633-6550
Area Code 202

Date October 3, 1984

APPEAL NO. 84-515, Weinar, et al. vs. Rollform Inc.

Dear Mr. Gifford:

The following has been received and filed this date:

( ) Appendix/Brief (NOTE: Appellee's Brief due 40 days from the date of service)

( ) Brief for Appellee

( ) Brief for Amicus Curiae

( ) Reply Brief

(X) Petition for Rehearing & Suggestion for Rehearing in Banc by the Appellant

( )

George E. Hutchinson, Clerk
By /s/ Spencer C. Greene
Spencer C. Greene
Deputy Clerk

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

No. 84-515

ROGER NEIL WEINAR, an individual, CONCEPT SEARCH, INC., a corp. and NATIONAL GYPSUM COMPANY, a Corp.,
Appellee,

v.

ROLLFORM INCORPORATED, a corp.

ORDER

A petition for rehearing and a suggestion for rehearing in banc having been filed in this case,

UPON CONSIDERATION THEREOF, it is Ordered by the court that the petition for rehearing be, and the same is hereby, Denied.

The suggestion for rehearing in banc is declined.

FOR THE COURT

/s/ George E. Hutchinson
George E. Hutchinson, Clerk

October 30, 1984
Date

cc: Ernest I. Gifford
Eric P. Schellin

IN THE
UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT
OF MICHIGAN
SOUTHERN DIVISION

CIVIL ACTION No. 974172

ROGER NEIL WEINAR, an individual,

and

NATIONAL GYPSUM COMPANY, a corporation,
Plaintiffs,

v.

ROLLFORM, INCORPORATED, a corporation,

and

GEORGE C. ADAMS, an individual,
Defendants.

AFFIDAVIT IN SUPPORT OF MOTION

State of New York:
: ss.
County of Erie :

Robert F. Hause, being duly sworn, states the following:

1. He is a citizen of the United States and of the State of New York and is over the age of 21.

2. He is Patent Counsel for National Gypsum Company, a plaintiff in the present lawsuit.

3. National Gypsum Company is a corporation of the State of Delaware, with its headquarters offices in Dallas, Texas.

4. National Gypsum Company has a Gold Bond Building Products Division, with its headquarters in Charlotte, North Carloina, and said division has a Research Division located at 1650 Military Road, Buffalo, New York 14217.

5. National Gypsum Company is the exclusive distributor in the United States of wallboard fastening clips under U.S. patent No. 4,117,644, of Roger Neil Weinar, but is not the owner of said patent and is not an exclusive licensee of the patent for the term thereof.

6. With respect to the second counterclaim of defendants, as stated in paragraphs 24-28 of the defendants' Answer to Amended Complaint, it is expected that technical experts from plaintiff's Gold Bond Building Products Division, Research Division will testify with respect to the different constructions and operations of the Weinar clip (like that of U.S. patent 4,117,644), compared to the clip of Ettore et al., as illustrated in the Ettore et al. patent, No. 3,308,590, and claimed in the claims thereof. It is also expected that Roger Neil Weinar, the patentee of U.S. patent 4,117,644 and a plaintiff in the present suit, will testify with respect to such distinctions and the prior art applicable to Ettore et al., on his own behalf and on behalf of National Gypsum Company. Testing facilities of National Gypsum Company are located in the Gold Bond Building Products Research Divsion and various personnel operating such testing facilities might be called to testify in the lawsuit. It is not expected that any witnesses will be called by the plaintiff (counterclaim defendant), with respect to defending it against the coun-

terclaim of defendant (the second counterclaim), who reside in the Eastern District of Michigan or who reside nearer to such district than to the Western District of New York.

Further deponent saith not.

/s/ Robert F. Hause
Robert F. Hause

Before me, a notary public for the state and county aforesaid, appeared Robert F. Hause, to me known, who swore to the above in my presence and signed his name above in my presence, this 10th day of March, 1980.

/s/ Robert Joseph Pearson
Notary Public
(Illegible)

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ALEXANDER
CLER

(2)

No. 84-1221

IN THE

Supreme Court of the United States

OCTOBER TERM, 1984

ROLLFORM INCORPORATED AND GEORGE ADAMS,
Petitioners,

vs.

ROGER NEIL WEINAR AND NATIONAL GYPSUM,
Respondents.

BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

ERIC P. SCHELLIN
Counsel of Record

ERIC P. SCHELLIN,
2001 Jefferson Davis Hwy
Suite 301, Crystal Plaza 1
Arlington, Virginia 22202
Telephone: 703-521-1666
Attorney for Respondents

of Counsel
JEROME J. NORRIS

BEST AVAILABLE COPY

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Questions Presented

Given the admission by Petitioners that it does not challenge the findings of validity or infringement of the patent in suit. . . .

1. Was the United States Court of Appeals for the Federal Circuit and the District Judge not correct in holding that National Gypsum is entitled to damages as an exclusive distributor throughout the entire United States for the patented product; and

2. Does the decision of the appellate court below, which is wholly consistent with this court's decision in Waterman v. MacKenzie, 138 U.S. 252, (1891) and other appellate court decisions, warrant review by this court.

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1984

No. 84-1221

ROLLFORM INCORPORATED AND GEORGE ADAMS,
Petitioners,

VS.

ROGER NEIL WEINAR AND NATIONAL GYPSUM,
Respondents.

BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

INTRODUCTION

Respondents oppose ROLLFORM INCORPORATED AND GEORGE ADAM'S petition for a writ of certiorari to the United States Court of Appeals for the Federal Circuit.

SUMMARY OF ARGUMENT

This controversy arises in the context of an action for patent infringement. Roger N. Weinar and National Gypsum were, respectively, patentee and exclusive distributor of the patented product in the United States when Petitioners manufactured and sold the infringed product in the United States. Because of the "character" of the transfer to National Gypsum

of an undivided part or share of the exclusive right to sell the patented product throughtout the United States, Petitioners asserted no liability in damages for patent infringement to Respondent, National Gypsum, under the requirements of Title 35 [1,2,3] of the United States Code.

The United States Court of Appeals for the Federal Circuit affirmed [A1*] the jury verdict in the District Court that Petitioners manufactured and sold products protected by Respondent Weinar's valid U.S. Patent No. 4,117,644. This infringing act of a valid U.S. Patent entitles successors in title and interest to recover damages.

The result below follows Waterman v. MacKenzie, 138 U.S. 252 (1981). Littlefield v. Perry, 88 U.S. 205 (1874); Paper-Bag Cases, 105 U.S. 766 (1881); Birdsell v. Shaliol, 112 U.S. 485 (1884). In re Precision Screen Machines, Inc., 729 F.2d 1428, 221 USPQ 1034 (Fed. Cir. 1984); Wing Engineering Corp v. U.S., 151 F.Supp. 314, 113 USPQ 343 (Ct. Cl. 1957); Pratt & Whitney Co. v. U.S., 153 F.Supp. 409, 114 USPQ 246 (Ct. Cl. 1951), and Western Electric Co. v. Pacent Reproducer Corp., 42 F.2d 116, 5 USPQ 105 (2d Cir. 1930).

The decision of the Federal Circuit presents no conflict with the decision of another federal court of appeals on the same matter and has not so far departed from the accepted and usual course of judicial proceedings, or so far sanctioned such a departure by a lower court, as to call for, an exercise of this Court's power of supervision, and has not decided an important question of federal law which has not been, but should be

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[1] 35 U.S.C. Section 281 Remedy for infringement of patent-A patentee shall have remedy by civil action for infringement of his patent.

[2] 35 U.S.C. Section 100 (d) the word "patentee" includes not only the patentee to whom the patent was issued but also the successors in title to the patentee.

[3] 35 U.S.C. Section 261 Ownership-Assignment-Subject to the provisions of this title, patents shall have the attributes of personal property.

* A1 references are to the appendix included in Petitioners' Petition herein which precludes Petitioners from denying liability to Patentee's exclusive distributor. It furthermore renders the infringers absolutely liable for damages in accordance with clear decisions of this court and appellate courts.

settled by this Court, and is not inconsistent with the requirements of 35 U.S.C. 261[4].

For the reasons set forth below. Rollform Incorporated et al's petition for a writ of certiorari should be denied.

ARGUMENT

The case law over the years has expounded a general rule respecting two parties sharing Patent property rights after transfer; namely, that the two parties may have their respective rights protected by injunction and each, when properly joined in a suit, are entitled to damages.

Littlefield v. Perry, 88 U.S. 205 (1874); Paper-Bag Cases, 105 U.S. 766 (1881); Birdsell v. Shaliol, 112 U.S. 485 (1884). See, also, In re Precision Screen Machines, Inc., 729 F.2d 1428, 221 USPQ 1034 (Fed. Cir. 1984) (Refusal to dismiss complaint of field of use license, patentee not joined, held not abuse of discretion warranting mandamus); Wing Engineering Corp. v. U.S., 151 F. Supp. 314, 113 USPQ 343 (Ct. Cl. 1957) (patentee's reservation will not preclude suit by licensee who attempted to join patentee); Pratt & Whitney Co. v. U.S., 153 F.Supp. 409, 114 USPQ 246 (Ct. Cl. 1951) (limited licensee may sue when patentee refuses to join after notice and invitation); and Western Electric Co. v. Pacent Reproducer Corp., 42 F.2d 116, 5 USPQ 105 (2nd Cir. 1930).

Additionally in Waterman v. MacKenzie, 138 U.S. 252 (1891) it was established that the transfer of an undivided part or share of the exclusive right to make, use and vend an invention throughout the United States vests in the transferee a right to sue infringers jointly with the transferor.

In Waterman v. MacKenzie, supra, this court clearly sets forth the three formats for transferring the monopoly conferred by a patent by stating that,

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[4] 35 U.S.C. Section 261 Ownership-Assignment-Subject to the provisions of this title, patents shall have the attributes of personal property.

Applications for patent, patents, or any interest therein, shall be assignable in law by an instrument in writing. The applicant, patentee, or his assigns or legal representatives may in like manner grant and convey an exclusive right under his application for patent, or patents, to the whole or any specified part of the United States.

> "The patentee or his assigns may, by instrument in writing, assign, grant and convey, either 1st, the whole patent, comprising the exclusive right to make, use, and vend the invention throughout the United States; or 2nd, an undivided part or share of that exclusive right; or 3rd, the exclusive right under the patent within and throughout a specified part of the United States. Rev Stat. ¶ 4868. A transfer of either of these three kinds of interests in an assignment, properly speaking, and vests in the assignee a title so much of the patent itself, with a right to sue infringers; in the second case, jointly with the assignor; in the first and third cases, in the name of the assignee alone."

The facts of the present case fall within the second format because National Gypsum, who received an undivided part of the exclusive right to sell sued infringers Rollform et al jointly with Weinar, the patentee—assignor.

Further, as so aptly put by Chief Judge, Markey, in the affirming decision at the Federal Circuit, Rollform et al's argument that National Gypsum's exclusive distributor rights to sell throughout the entire territory in which the patent could have any legal effect, i.e., the United States, is not an "exclusive license to sell", is "disingenuous" because, "taken seriously, it would preclude every exclusive license to sell not accompanied by a license to make and vice versa."

Rollform et al relies upon Gayler et al v. Wilder [5] and Pope Manufacturing Company v. The Gormully and Jeffrey Manufacturing Company [6] cases and contends that National Gypsum is a mere licensee having no right to join in suit; however, this completely disregards the findings in the District Court that National Gypsum is not a bare licensee, and that its status to sell is that of an exclusive distributor. This fact pattern and the findings renders the Gaylor and Pope decisions inapplicable to the present case.

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[5] 10 How. 504, 136. Ed. 504, 51 U.S. 477 (1850).

[6] 36 L. Ed. 420, 144 U.S. 248, 12 S.Ct. (1892).

It is undisputed by Rollform et al that Gypsum is the exclusive distributor throughout the entire territory in which the patent has a legal effect, i.e., the United States. Rollform characterizes National Gypsum's sales as non-exclusive because Weinar's sales to National Gypsum is under an oral contract in the state of New York giving National Gypsum the exclusive right to sell as sole distributor in the United States, and because Weinar sells the product to a distributor in Canada, where the U.S. patent has no legal effect.

Rollform et al asserts nothing in the contract law of New York to show that the oral agreement was defective to transfer exclusive distributor rights as seller to National Gypsum. Neither did Rollform et al move at trial court to sever National Gypsum from the case as an improper party plaintiff without standing to sue.

The right of two parties sharing property rights in a patent to sue for damages is well established as mentioned in the cases supra.

As there was no dispute between patentee Weinar and exclusive distributor National Gypsum regarding the sole right to sell the product of U.S. Patent No. 4,117,644, and no question that National Gypsum was in fact the bona fide purchaser for value of exclusive sale rights in the Weinar patent, the Federal Circuit correctly decided that 35 U.S.C. ¶ 261 is not applicable.

The Federal Circuit correctly understood the relationship between National Gypsum as an exclusive distributor under transfer of the right of sale of the patent product from patentee-Weinar, and recognized the unfairness of allowing unjust enrichment by Rollform et al on infringing the patented product exclusively distributed by National Gypsum in the U.S.

To allow Rollform et al to reassert the defense that National Gypsum is a non-exclusive licensee without right to sue for recovery of damages would be to allow it to be advantaged by infringing the rights of a valid U.S. patent. This would be clearly inconsistent with 35 U.S.C. 281 and the cases supra establishing that two parties sharing the property rights

represented by a patent may have their respective rights protected by injunction and each, when properly joined in a suit, may be entitled to damages.

CONCLUSION

Petitioner has not shouldered its burden of identifying special or important considerations warranting review on certiorari. Indeed, the opinion of the United States Court of Appeals for the Federal Circuit was entirely correct. For the foregoing reasons it is respectfully requested that the petition for the writ of Certiorari sought by Rollform et al be denied.

Respectfully submitted,

ERIC P. SCHELLIN

Counsel of Record
Attorney for Respondents

Dated: *February 27, 1985*